

## **Confirmation Testimony before the Senate Health and Long Term Care Committee**

**Steve Hill**  
**April 21, 2005**

First of all, I want to say that I am honored to be appointed to this role by the Governor, and I very much appreciate the opportunity to appear before you this morning.

I was asked to cover two things – how I came to this position and what I hope to accomplish. I would then appreciate your questions.

### What I bring to this position:

My wife and I moved to Tacoma 34 years ago, and have lived here since, except for two brief tours in North Carolina and Washington, DC. Our two daughters were born in Tacoma General Hospital and are products of the state's public education system.

I was trained as a forester and first worked in analytical and planning roles for the Weyerhaeuser Wood Products business.

In 1978, I was selected as a White House Fellow and served at the US Department of Energy.

When I returned to Weyerhaeuser in 1979, I was persuaded to join Human Resources. One of my first projects was to work on the problem of escalating health care costs.

I assumed responsibility for employee benefits in 1982, became Vice President of Human Resources in 1986 and Senior Vice President in 1990. I was responsible for Weyerhaeuser's health, wellness, and disability programs for 21 years.

In that role, I was an active participant in the public policy debate in the late 80's and early 90's on health care reform. I was a founder and eventually the President of the Health Care Purchasers Association (HCPA). The HCPA played a key role in lobbying for the BHCP. In 1986, Governor Booth Gardner appointed me to the Hospital Rate Setting Commission.

From 1990 to 2003, when I was Senior Vice President of Human Resources, Weyerhaeuser went through massive change, including four major mergers and a restructuring in the way HR services are delivered. I have extensive experience from the school of hard knocks in managing large scale change.

In mid 2003, I retired from Weyerhaeuser. In the last several months there, I traveled to a number of their mill locations to hold employee forums on health care and the critical requirement to bring cost escalations under control.

Since retiring, I have worked as a part-time consultant, served as a Washington State University Regent, and participated in number of community projects.

### What I hope to accomplish with this job

- Delivery of excellent health benefits to our beneficiaries, while significantly reducing the rate of cost increases in these programs.
- Make HCA one the highest regarded agencies of this type across all states.

- In the broader role, the Governor has asked me to take on a significant challenge, to address three major areas of needed improvements in health care:
  - To improve the quality of the state's health programs,
  - To hold down the growth of health care costs to a rate no higher than the growth in state revenue, and
  - To significantly improve health care access for our state's citizens.

I have a great deal to learn, and I am starting that process now. I do bring some strong convictions about health care to this role, and I would like to share five of them with you:

1. I would like everybody to have the same quality of care and financial protection that I am so blessed to have. We are fortunate to live in a time where new technologies and science can be applied to improving our health. I do not think it is helpful to frame health care access as right or entitlement – if was, God would be providing health care for children in Africa. Further, improved access and improvements in treatments and technology will come not from assuming we have a right. They will come through innovation, effective management, and good science.
2. While individual providers and techniques are producing miracles, the overall system is not sustainable and has serious quality, cost, and access issues.
3. The system is performing exactly as you would expect it to perform, given the incentives. It is not bad people – doctors, patients, insurance companies, employers – it is misaligned incentives. If we want improved quality, lower cost and better access, then we need to change the incentives.
4. There is no magic bullet or big bang solution to improving the health care system – it will take dozens of incremental changes. None of those changes will be easy.
5. We should stop being victims and making the system worse. We should start doing something about aligning the incentives to quality improvement, lowering costs, and increasing access. This system was created in my lifetime; I hope see some rationalization in my life time.

I welcome your questions.